

Message Text

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ORIGIN ABF-01

INFO OCT-01 NEA-05 ADP-00 FS-01 ST-01 AID-20 /029 R

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7/31/73 - 29314

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R 311424Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD

INFO AMCONSUL KARACHI

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E.O. 11652: N/A

TAGS: ABUD, AFIN

SUBJECT: USE OF FOREIGN CURRENCY IN PAYMENT OF INTER-
NATIONAL TRAVEL

REF: STATE 56555; ISLAMABAD 5742, 2597, 2590

1. YOU SHOULD RESUME RUPEE PAYMENTS TO INTERNATIONAL AIR
CARRIERS.

2. THERE APPEARS TO BE NO ALTERNATIVE TO PAYING CARRIERS
OTHER THAN PAN AM AT THE IATA APPROVED RATE OF RS. 11.00
TO U.S. DOLLAR IF THEY BILL IN RUPEES AT THAT RATE, OR IF
THEY BILL IN DOLLARS BUT ACCEPT RUPEE PAYMENT. YOU SHOULD
CONFORM TO THE IATA RATE.

3. IN VIEW OF (1) LONG -STANDING SPECIAL ARRANGEMENT
BETWEEN PAN AM AND EMBASSY GOVERNING TIMING OF PAYMENTS
AND APPLICABLE EXCHANGE RATE AND (2) BILATERAL AGREEMENT
BETWEEN USG AND PAKISTAN PERMITTING USG TRANSPORTATION
EXPENSES TO BE PAID CARRIERS IN RUPEES, PAN AM HAS AGREED
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TO ACCEPT PAYMENT AT RS. 9.9 WHICH WILL NET PAN AM ITS

DOLLAR FARE WHEN CONVERTED THROUGH PAKISTAN CENTRAL BANKING FACILITIES AT APPROXIMATELY THE RS. 9.9 RATE (CURRENT RATE).

A. PAN AM WILL SUBMIT ALL FUTURE BILLINGS TO EMBASSY AND

MISSION IN DOLLARS, AND WILL ACCEPT PAYMENT IN RUPEES AT 9.9 TO THE DOLLAR.

B. OUTSTANDING BILLINGS IN RUPEES SHOULD BE RECOMPUTED BY EMBASSY TO PROVIDE PAYMENT AT 9.9 RATE. WE SUGGEST LEGEND ON EACH VOUCHER SO ADJUSTED ALONG THE FOLLOWING LINES:
"WITH PAA CONCURRENCE, RUPEE AMOUNTS DUE RECOMPUTED TO REFLECT RATE AT WHICH CARRIER CAN CONVERT TO U.S. DOLLARS. AMOUNT PAID EQUIVALENT TO TARIFF IN U.S. DOLLARS AT CURRENT CONVERSION RATE."

4. BASIS OF UNDERSTANDING WITH PAN AM IS THAT THEY BE ASSURED THEIR DOLLAR FARE. IF RATE AT WHICH CENTRAL BANKING FACILITIES MAKE CONVERSION TO DOLLARS FOR PAN AM IS MODIFIED SIGNIFICANTLY, THE RATE OF RUPEE PAYMENT TO THE DOLLAR SHOULD BE PROMPTLY REVISED TO CONFORM TO THE APPROXIMATE CONVERSION RATE. OF COURSE, RUPEE PAYMENTS SHOULD NOT BE MADE IN EXCESS OF PREVAILING IATA RATE. ROGERS

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